

FISCAL IMPACT STATEMENT ON BILL NO. **S.582**

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TO: The Honorable David Thomas, Chairman, Senate Banking and Insurance Committee
FROM: Office of State Budget, Budget and Control Board
ANALYSTS: Kenneth Brown, Rodney Grizzle, Beth Campbell
DATE: April 16, 2007 SBD: 2007304

AUTHOR: Senator Malloy PRIMARY CODE CITE: 38-32-10
SUBJECT: Workers' Compensation Guaranty Association for Captive Insurers Act

ESTIMATED FISCAL IMPACT ON GENERAL FUND EXPENDITURES:
A Cost to the General Fund (See Below)

ESTIMATED FISCAL IMPACT ON FEDERAL & OTHER FUND EXPENDITURES:
\$0 (No additional expenditures or savings are expected)

BILL SUMMARY:

The Bill would enact the "South Carolina Worker's Compensation Guaranty Association for Captive Insurers Act" and would require a Captive Insurer writing workers' compensation insurance to seek approval of the Department of Insurance before writing workers' compensation insurance, authorizes a qualified self-insured fund to convert to a workers' compensation captive insurance company and allows a captive insurance company to write workers' compensation insurance.

EXPLANATION OF IMPACT:

Department of Insurance

The Department indicates this Bill would require additional General Funds of the State totaling \$704,550 the first year of implementation. Under this Bill, the Department would be the primary regulator for all aspects of workers' compensation insurance written through a captive insurance company. The Department estimates that at a minimum it would need \$644,550 in salary and fringe for nine (9.00) FTE positions including one (1.00) Program Manager, three (3.00) Rates and Forms Analyst, one (1.00) Actuary, one (1.00) Administrative Assistant, three (3.00) Hearing Officers and \$30,000 for operating expenses. One time expenses of \$30,000 are anticipated to cover the costs of office furnisher and computer equipment.

Other Agencies

The Administrative Law Court, Workers' Compensation Commission, State Accident Fund and Second Injury Fund each indicate this Bill will have either no impact on expenditures or a minimal impact which can be absorbed within existing resources.

Approved by:



Harry Bell
Assistant Director, Office of State Budget